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E.O. 12065: RDS-1 10/15/01 (STOESSEL, WALTER J.)

TAGS: EAID, EAGR, EEWT, PL

SUBJECT: POLISH OFFICIAL REQUEST FOR U.S. FOOD AID

1. (S-ENTIRE TEXT)

2. POLISH AMBASSADOR SPASOWSKI CALLED ON UNDER SECRETARY STOESSEL ON OCTOBER 18 AND PRESENTED POLAND'S OFFICIAL REQUEST FOR U.S. \$740 MILLION WORTH OF AGRICULTURAL COMMODITIES IN FY 82. THE TEXT OF THE AMBASSADOR'S LETTER, ADDRESSED TO THE SECRETARY, IS AS FOLLOWS:
"I WISH TO CONVEY BY THIS LETTER THE POLISH GOVERNMENT'S INTENTION TO CONTINUE THE PURCHASES OF AGRICULTURAL COMMODITIES IN THE UNITED STATES. IN THE FISCAL YEAR 1981/82 THE POLISH GOVERNMENT WOULD LIKE TO PURCHASE SUCH COMMODITIES FOR THE VALUE OF ABOUT 740 MILLION DOLLARS. ALTHOUGH MEASURES ARE BEING TAKEN TO STIMULATE DOMESTIC AGRICULTURAL PRODUCTION IT IS A -PROCESS WHICH-TAKES TIME.

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State Dept. review completed

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POLAND, THEREFORE, INTENDS TO PURCHASE AMERICAN AGRICULTURAL PRODUCTS ALSO IN THE FISCAL YEARS 1982/83-AND 1983/84 FOR - THE VALUE OF ABOUT 840 MILLION DOLLARS ANNUALLY. -THE AMOUNTS FOR SPECIFIC COMMODITIES WERE SUPPLIED RECENTLY BY THE POLISH MINISTRY OF FOREIGN TRADE TO THE UNITED-STATES EMBASSY IN WARSAW.

FOR SEVERAL YEARS POLAND HAS BEEN BUYING IN THE UNITED STATES LARGE QUANTITIES OF MUCH NEEDED - AND IN THE CASE OF CORN NOT DOMESTICALLY PRODUCED - AGRICULTURAL COMMODITIES. THIS NATURALLY HAS DEVELOPED OUR DEPENDENCE ON SUCH SUPPLIES FROM THIS COUNTRY.

THE REPRESENTATIVES OF THE POLISH GOVERNMENT HAVE ON VARIOUS OCCASIONS EXPRESSED THEIR APPRECIATION OF HAVING THE POSSIBILITY TO PURCHASE AGRICULTURAL COMMODITIES ON CCC CREDIT TERMS. I WOULD LIKE TO ADD MY THANKS THIS TIME ALSO. BUT NOW, POLAND IS FACING SERIOUS ECONOMIC DIFFICULTIES AND IS UNABLE TO MEET THE CREDIT TERMS OF THE CCC WHICH WERE GRANTED TO POLAND. I HAVE BEEN, THEREFORE, INSTRUCTED TO REQUEST THE UNITED STATES GOVERNMENT TO MAKE AVAILABLE TO POLAND - AS A TRADITIONAL IMPORTER OF US AGRICULTURAL COMMODITIES - FURTHER PURCHASES OF THESE PRODUCTS ON FINANCIAL TERMS WHICH COULD BE MET BY THE COUNTRY'S BALANCE OF PAYMENTS MOST DIFFICULT SITUATION.

MAY I ALSO SAY THAT POLAND IS NOW IN THE PROCESS OF WORKING OUT A NEW ECONOMIC PROGRAM AND INSTITUTING REFORMS TO REVITALIZE INDUSTRIAL AND AGRICULTURAL PRODUCTION.

I HOPE, MR. SECRETARY, THAT THIS REQUEST OF THE POLISH GOVERNMENT WILL BE GIVEN SYMPATHETIC CONSIDERATION BY THE GOVERNMENT OF THE UNITED STATES."

3. SPASOWSKI SUGGESTED TERMS SIMILAR TO THOSE UNDER PL-480 WITH PAYMENT IN ZLOTYS, "I REALIZE WHAT THIS MEANS" HE ADDED, BUT NOTED THAT THIS IS PROBABLY THE MOST REALISTIC OPTION, OTHERWISE REPAYMENT TERMS WOULD HAVE TO BE VERY LONG WITH A GRACE PERIOD OF SEVERAL YEARS.

4. SPASOWSKI SAID THAT U.S. AID COULD BE A DECISIVE

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ELEMENT IN DETERMINING POLAND'S FUTURE IN BOTH THE IMMEDIATE AND LONGER-TERM. THERE ARE SO MANY UNKNOWN IN

POLAND'S FUTURE THAT THE U.S., "AS A FRIEND" IS BEING REQUESTED TO DO ALL THAT IS POSSIBLE TO HELP "AT THIS OMINOUS TIME." U.S. AID WOULD HELP BOTH ECONOMICALLY, AND BY DEMONSTRATING US FRIENDSHIP AND SUPPORT TO THE POLISH PEOPLE. AMBASSADOR STOESSEL REPLIED THAT THE US GOVERNMENT WILL GIVE THIS REQUEST SYMPATHETIC CONSIDERATION, ADDING "YOU KNOW HOW SYMPATHETIC WE HAVE BEEN IN THE PAST."

5. THIS REQUEST DOES NOT ADDRESS POLAND'S IMMEDIATE NEEDS, SPASOWSKI ADDED. HE WENT ON TO "URGENTLY REQUEST" WHATEVER FOOD AID COULD BE PROVIDED THROUGH PRIVATE CHANNELS DURING THE COMING WINTER. HE MADE A STRONG PLEA FOR FURTHER PRIVATE AGENCY FOOD AND MEDICAL AID WHERE POSSIBLE BECAUSE

THIS IS THE MOST EFFECTIVE AND REACHES THE PEOPLE DIRECTLY. THE PROBLEM IS NOT THAT THERE ARE NO FOODSTUFFS IN POLAND, BUT THAT DISTRIBUTION PROBLEMS AND UNCERTAINTIES FACING FARMERS ARE KEEPING DOMESTIC SUPPLIES FROM REACHING URBAN DWELLERS AND FACTORY WORKERS. POLISH FARMERS ARE RELUCTANT TO SELL THEIR PRODUCE TO THE STATE FOR CURRENCY WITH WHICH THERE IS LITTLE TO BUY. IN ADDITION, THERE ARE ALL SORTS OF FOOD PROCESSING PROBLEMS IN POLAND. CONSEQUENTLY, SPASOWSKI SAID THAT SOME PROCESSED FOOD, SUCH AS FLOUR INSTEAD OF GRAIN, WOULD BE VERY USEFUL AS A PART OF A US ASSISTANCE PROGRAM.

6. AMBASSADOR STOESSEL SAID THAT WE HOPE TO SEE SPECIFIC PROGRESS ON ECONOMIC REFORM MEASURES IN POLAND AIMED AT EXTRICATING THE COUNTRY FROM ITS ECONOMIC PROBLEMS. ANOTHER IMPORTANT ELEMENT WILL BE CONTINUED SOVIET AID FOR POLAND. ANY USE OF FORCE AGAINST THE POLISH PEOPLE BY EITHER THE SOVIET UNION OR THE GOP WOULD HAVE A SERIOUSLY ADVERSE EFFECT ON U.S. CONSIDERATION OF AID FOR POLAND.

7. SPASOWSKI CITED THE PROPOSED CARE PRE-SCHOOL FEEDING PROGRAM, AS AN EXAMPLE OF AN EXTREMELY USEFUL FORM OF AID. HOWEVER, HE SAID, ELEMENTS IN THE POLISH BUREAUCRACY SEIZED ON THE FACT THAT THE U.S. SUGGESTED SOME IMPROVEMENTS IN

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THE STANDARD SALES AGREEMENT TO DELAY COMPLETION OF THE SALE. SPASOWSKI SAID THERE IS CLEARLY "BAD WILL" BEHIND THIS OBSTRUCTIONISM BY SOME WHO WISH TO BLOCK ANY WESTERN AID EFFORTS. HE CALLED THIS AN EXAMPLE OF THE SITUATION IN POLAND TODAY, AND SAID HE HAD SENT SEVERAL MESSAGES TO WARSAW ASKING THAT THE AGREEMENT BE SPEEDED UP.

8. SPASOWSKI ALSO SAID HE HAS MET WITH LECH WALESA'S ADVISOR CONCERNING WALESA'S PROPOSED TRIP TO THE U.S. HE REQUESTED "PERSONALLY" THAT STOESSEL DO EVERYTHING POSSIBLE TO MAKE WALESA'S TRIP A PRODUCTIVE ONE ADDING HIS HOPE THAT WALESA WILL SEE THE PRESIDENT. SPASOWSKI SAID HE WANTS TO WORK CLOSELY WITH THE DEPARTMENT ON THIS MATTER, AMBASSADOR STOESSEL SAID WE WOULD KEEP IN TOUCH WITH HIM AS PLANS FOR THE VISIT DEVELOP. HAIG

END OF MESSAGE

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E.O. 12065:RDS-1 11/9/01 (EAGLEBURGER, LAWRENCE S.)

TAGS:PEPR, PINT, PL

SUBJECT: POLISH AMBASSADOR'S VIEWS ON CURRENT
ECONOMIC SITUATION AND STATUS OF POLISH REQUEST FOR
AGRICULTURAL COMMODITIES

1. (S-ENTIRE TEXT)

2. SUMMARY. POLISH AMBASSADOR SPASOWSKI CONFIRMED TO
ASSISTANT SECRETARY EAGLEBURGER ON NOVEMBER 7 THAT
POLAND WILL MAKE OFFICIAL APPLICATION FOR MEMBERSHIP IN
THE IMF NEXT WEEK. HE ALSO SAID VICE PREMIER MADEJ
WILL COME TO WASHINGTON DECEMBER 7 IN HIS ROLE AS
POLISH CO-CHAIRMAN OF THE POLISH-U.S. ECONOMIC
COMMISSION AT THE INVITATION OF SECRETARY BALDRIGE.
MADEJ'S PRINCIPAL MISSION WILL BE TO SEEK THE U.S.
ANSWER TO POLAND'S OUTSTANDING REQUEST FOR DOLLARS 740
MILLION IN U.S. AGRICULTURAL COMMODITIES ON THE BEST
POSSIBLE TERMS. FINALLY, SPASOWSKI REPORTED THAT A
FIVE OR SIX MAN SOLIDARITY DELEGATION OF EXPERTS MAY
VISIT WASHINGTON IN MID DECEMBER FOR CONSULTATIONS ON
POSSIBILITIES FOR THE REFORM OF POLISH AGRICULTURE.
END SUMMARY.

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3. POLISH AMBASSADOR SPASOWSKI CALLED ON ASSISTANT

SECRETARY EAGLEBURGER ON NOVEMBER 7. DAS SCANLAN AND EE DIRECTOR DAVIS WERE ALSO PRESENT. HE DESCRIBED THE FORTHCOMING VISIT OF DEPUTY PRIME MINISTER MADEJ, CHAIRMAN OF THE POLISH PLANNING COMMISSION, SCHEDULED FOR DECEMBER 7, AS THE KEY TO OUR FUTURE ECONOMIC RELATIONS AND THE OCCASION ON WHICH THE POLES HOPED TO RECEIVE AN ANSWER TO THEIR REQUEST FOR DOLLARS 740 MILLION OF U.S. AGRICULTURAL COMMODITIES ON THE "BEST POSSIBLE TERMS." HE NOTED THAT THE VISIT WOULD OFFICIALLY BE PART OF A SERIES OF MEETINGS OF THE POLISH AMERICAN MIXED ECONOMIC COMMISSION, OF WHICH MADEJ IS NOW POLISH CHAIRMAN. HE EXPRESSED APPRECIATION FOR THE INVITATION EXTENDED BY SECRETARY BALDRIGE, WHO WILL ACT AS HOST. IT HAS NOT YET BEEN DECIDED WHETHER THE TALKS WILL BE CONSIDERED AN EXECUTIVE SESSION OF THE COMMISSION OR MERELY A MEETING OF CHAIRMEN OF THE U.S. AND POLISH SIDES.

4. SPASOWSKI SAID THAT THE MADEJ VISIT WOULD TAKE ON PARTICULAR SIGNIFICANCE IN VIEW OF THE POLISH GOVERNMENT'S DECISION TO APPLY FOR IMF MEMBERSHIP, OF WHICH HE HAD JUST BEEN OFFICIALLY INFORMED BY WARSAW. MESSRS. KARZ AND RACZKOWSKI WILL ARRIVE IN WASHINGTON ON NOVEMBER 10 FOR TALKS WITH IMF OFFICIALS PREPARATORY TO SUBMITTING THE FORMAL MEMBERSHIP APPLICATION. SPASOWSKI NOTED THAT THE DECISION TO APPLY WAS THE RESULT OF A LONG AND PAINFUL PROCESS. HE REFERRED TO THE AGGRESSIVELY ANTI-IMF ARTICLE WHICH RECENTLY APPEARED IN ZOLNIERZ WOLNOSCI AND REMARKED THAT ONE MUST BE CAREFUL IN TODAY'S POLAND NOT TO RELY ON THE OFFICIAL NATURE OF OPINIONS EXPRESSED IN THE MEDIA SINCE CONFLICTING VIEWS NOW HAVE FREE PLAY. THE PAPER, ALTHOUGH IT IS THE OFFICIAL ARMY JOURNAL, DID NOT REFLECT JARUZELSKI'S VIEWS IN THIS INSTANCE. SPASOWSKI CITED FOREIGN MINISTER CZYREK'S MEETING WITH WILLIAM MILLER AS A FACTOR IN THE POLISH DECISION, SAYING THAT MILLER'S VERY PROFESSIONAL PRESENTATION OF THE ADVANTAGES AND POSSIBILITIES ARISING FROM IMF-IBRD

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MEMBERSHIP WERE MOST CERTAINLY CONVEYED TO JARUZELSKI. THE FINAL ELEMENT IN THE DECISION WAS THE HUNGARIAN ANNOUNCEMENT OF ITS DECISION TO SEEK MEMBERSHIP WHICH MAY HAVE RESOLVED LAST DOUBTS. (SPASOWSKI NEVER ALLUDED TO THE SOVIET ATTITUDE TOWARDS POLAND'S DECISION BUT, WHEN ASKED IN THE CORRIDOR AFTERWARD, MERELY SHRUGGED AND SAID "WHO KNOWS.?")

5. THE AMBASSADOR SPOKE OF THE HISTORICAL IMPORTANCE OF THE MEETING IN WARSAW LAST WEDNESDAY OF JARUZELSKI, GLEMP AND WALESA. POLISH HISTORY CONTAINED NO SIMILAR

INSTANCE, HE SAID. THE MEETING REFLECTS THE REAL ALIGNMENT OF FORCES IN POLAND WITHOUT ARTIFICIALITY. IT DID NOT TAKE PLACE IN THE CONTEXT OF THE SO-CALLED UNITED FRONT WHICH INCLUDES SMALL PUPPET PARTIES. JARUZELSKI CAN AND DID SPEAK WITH AUTHORITY FOR THE PARTY, GOVERNMENT, AND THE ARMY. THE MEETING SHOULD SERVE AS AN INSPIRATION TO THE PEOPLE THROUGHOUT THE COUNTRY AND FOSTER A SPIRIT OF COOPERATION AT LOWER LEVELS OF SOCIETY. IT AUGURED WELL FOR THE PROSPECT OF AGREEMENT ON HOW TO ATTACK ECONOMIC PROBLEMS AND DEAL WITH THE CATASTROPHIC ECONOMIC SITUATION.

6. SPASOWSKI SAID THE MADEJ VISIT WOULD BE THE KEY TO ECONOMIC RELATIONS FOR THE NEXT YEAR. WHILE MADEJ HAD BEEN CLOSELY ASSOCIATED WITH THE ECONOMIC POLICIES WHICH LED UP TO THE PRESENT FIASCO, HE IS NEVERTHELESS THE MAN CHOSEN TO SEEK THE OFFICIAL U.S. ANSWER TO POLAND'S AID REQUEST. HIS FORMAL TALKS WITH SECRETARY BALDRIGE SHOULD NOT OCCUPY MUCH TIME SINCE THE COMMISSION HAS LITTLE BUSINESS TO TRANSACT. HIS OVERRIDING OBJECTIVE IS TO SECURE THE PURCHASE OF THE DOLLARS 740 MILLION IN AGRICULTURAL COMMODITIES. POLAND HAS ASKED FOR "THE BEST POSSIBLE TERMS" AND SPASOWSKI HOPES THIS CAN BE INTERPRETED AS EITHER SALES FOR ZLOTYS OR HARD CURRENCY SALES PAYABLE OVER A LONG TERM WITH A SUBSTANTIAL GRACE PERIOD. SPASOWSKI ASKED THAT MADEJ MEET WITH THE VICE PRESIDENT (AS HAD VICE PREMIER JAGIELSKI), AND WITH THE SECRETARIES OF STATE, AGRICULTURE AND TREASURY. HE FELT TREASURY WOULD BE AN

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IMPORTANT APPOINTMENT BOTH BECAUSE OF THE IMF APPLICATION AND BECAUSE HE BELIEVED TREASURY MIGHT ADOPT A NEGATIVE ATTITUDE TOWARD THE REQUESTED GRAIN SALES FOR FISCAL REASONS. HE FELT IT WOULD BE USEFUL TO EXPOSE MADEJ TO THE TREASURY VIEW. WE KNOW THAT RELATIONS WITH POLAND HAVE MORE ELEMENTS THAN JUST THE FISCAL. HE ADDED.

7. EAGLEBURGER EXPRESSED AGREEMENT ON THE PROPOSED PROGRAM. WE WILL SEEK TO ARRANGE THE APPOINTMENTS REQUESTED. HE NOTED THAT SECRETARY HAIG MAY BE OUT OF TOWN IN WHICH CASE WE WOULD SEEK AN APPOINTMENT WITH DEPUTY SECRETARY CLARK. MADEJ SHOULD ALSO SEE ASSISTANT SECRETARY HORMATS. WE WOULD DO EVERYTHING POSSIBLE TO MAKE THE VISIT WORK.

8. THERE FOLLOWED A DISCUSSION OF THE PROPOSED VISIT OF A GROUP OF FIVE OR SIX SOLIDARITY EXPERTS ON ECONOMICS, LAW AND AGRICULTURE WHICH HAD INITIALLY BEEN INTENDED TO ACCOMPANY WALESIA ON HIS CANCELLED VISIT TO

THE U.S. SPASOWSKI INDICATED THAT THEY WOULD NOW BE COMING AFTER MADEJ, SOMETIME IN MID DECEMBER. IT HAD NOT YET BEEN DETERMINED ON WHOSE INVITATION THEY WOULD COME, BUT HE HOPED THEIR VISIT WOULD BE FRUITFUL AND THAT TALKS COULD BE ARRANGED UNDER THE AEGIS OF SOME UNIVERSITY FACULTY OF AGRICULTURE OR THE COOPERATIVE FARM MOVEMENT, ALTHOUGH THE LATTER PRESENTED SOME DIFFICULTIES BECAUSE OF THE ASSOCIATION OF COOPERATIVES IN THE POLISH MINDS WITH STATE FARMS. REFORM OF POLISH AGRICULTURE WAS VITAL, SPASOWSKI SAID. IF SUPPLIES-DID NOT IMPROVE AND THIS WAS A COLD WINTER, THERE COULD BE GREAT SUFFERING AND EVEN DEATH THROUGHOUT POLAND. THE SOLIDARITY GROUP WOULD BE PREPARED TO TALK ABOUT EITHER IMMEDIATE ASSISTANCE OR THE LONGER TERM. THE IMPORTANT THING WAS NOT TO LOSE ANOTHER YEAR IN DOING SOMETHING ABOUT AGRICULTURE. THE POLISH MINISTRY OF AGRICULTURE CONTAINED SOME OF THE MOST HARDLINE PEOPLE IN THE GOVERNMENT. HE HOPED WE WOULD IMPRESS UPON MADEJ THE NECESSITY FOR REFORMS AND INCREASED PRODUCTIVITY IN POLISH AGRICULTURE.

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9. MR. SCANLAN NOTED THAT WE MAY BE ABLE TO ACT AS A CATALYST, BUT WILL NEED HELP AND COOPERATION FROM INDIVIDUALS AND GROUPS INTERESTED IN POLISH-AMERICAN RELATIONS. THE GOVERNMENT CANNOT SPONSOR THE VISIT OF THIS SOLIDARITY DELEGATION. WE WILL EXPLORE-VARIOUS POSSIBILITIES WITH DALE HATHAWAY, WILLIAM MILLER AND BOB BERGLAND OF FARMLAND.

10. SUBSEQUENTLY, KOWALIK, A SOLIDARITY ECONOMIST WHO IS CURRENTLY AT THE WILSON CENTER, SPOKE WITH THE DEPARTMENT ABOUT MEETINGS WITH GOVERNMENT OFFICIALS FOR THOSE INDIVIDUALS. AND WAS INFORMED THAT WHILE THE USG COULD NOT SPONSOR THEIR VISIT, WE WOULD BE WILLING TO SET UP APPOINTMENTS WITH USG OFFICIALS. (AS SOON AS NAMES OF SOLIDARITY GROUP ARE KNOWN, EMBASSY SHOULD SUPPLY AVAILABLE BIO MATERIAL ON THEM.)

11. COMMENT: WE WOULD BE GLAD TO HAVE THE EMBASSY'S VIEWS ON MADEJ WHO SEEMS FROM HIS BIOGRAPHICAL DATA TO BE A VERY ORTHODOX PARTY MAN
NAIG

END OF MESSAGE**SECRET**